

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 14684 221106Z
ACTION EB-08

INFO OCT-01 EA-10 ISO-00 COME-00 CIAE-00 INR-10
NSAE-00 TRSE-00 OMB-01 /030 W
-----073027 221201Z /50
R 220953Z AUG 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 0495
INFO USDA WASHDC

LIMITED OFFICIAL USE MANILA 14684

CODE 11, ALERT ONE

USDA FOR FAS/FAT & OIL DIV.

E.O. 11652: N/A
TAGS: EPAP, EINV, RP
SUBJECT: FARMERS EVENTUALLY TO OWN COCONUT OIL REFINERIES

REF: A. MANILA 10610 B. MANILA 10010 C. PH8020

SUMMARY. PD 1468 OF JUNE 11 PROPOSES OWNERSHIP "BY COCONUT FARMERS" OF COCONUT AND PALM OIL MILLS MANUFACTURING CONSUMER PRODUCTS. SUCH OWNERSHIP TO BE EFFECTED UNDER THE COCONUT CONSUMERS STABILIZATION FUND WOULD BE A PREREQUISITE FOR GOP SUBSIDIES FOR COCONUT-BASED CONSUMER PRODUCTS, THUS PUTTING ANY REMAINING PRIVATE MILLERS IN A NONCOMPETITIVE POSITION. GOP THREAT TO "TAKE OVER" MILLS REPORTED REFTELS HAS NOW ASSUMED AN IMAGINATIVE FORM WHICH STILL HAS TO BE FILLED OUT. END SUMMARY.

1. ON JUNE 11, PRESIDENT MARCOS SIGNED PRESIDENTIAL DECREE NO. 1468, ENTITLED REVISED COCONUT INDUSTRY CODE. THE PD DECLARED IT A GOVERNMENT POLICY TO PROMOTE THE RAPID INTEGRATED DEVELOPMENT AND GROWTH OF THE COCONUT AND OTHER
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 14684 221106Z

PALM OIL INDUSTRIES TO ENSURE THAT FARMERS BECOME DIRECT PARTICIPANTS IN, AND BENEFICIARIES OF, SUCH DEVELOPMENT AND GROWTH.

2. ACCORDING TO THE PD, OWNERSHIP OF COCONUT AND PALM OIL MILLS AND REFINERIES WHICH MANUFACTURE COCONUT-BASED CONSUMER PRODUCTS WILL BE DISPERSED TO COCONUT FARMERS FROM

A PORTION OF THE LEVY COLLECTED UNDER COCONUT CONSUMERS STABILIZATION FUND (CCSF), CURRENTLY P60 PER 100 KILOS DRY COPRA SOLD. HOWEVER, THE BULK OF THE LEVY WILL BE USED FOR THE REPLANTING PROGRAM, SUBSIDY FOR CONSUMER PRODUCTS, ETC.

3. OTHER MAIN ELEMENTS OF THE DECREE ARE:

A. THE PHILIPPINE COCONUT AUTHORITY (PCA) SHALL BE LIMITED OFFICIAL USE

CONVERTED INTO AN INDEPENDENT PUBLIC CORPORATION, REPORTING DIRECTLY TO THE PRESIDENT.

B. GIVES PCA FULL POWER TO REGULATE PRODUCTION, DISTRIBUTION AND UTILIZATION OF ALL SUBSIDIZED COCONUT-BASED PRODUCTS.

C. CALLS FOR A SUBSIDY FOR COCONUT-BASED PRODUCTS WHEN NATIONAL INTEREST SO REQUIRES. THE AMOUNT TO BE DETERMINED ON THE BASIS OF THE BASE PRICE OF COPRA DETERMINED BY PCA AND PRICES OF COCONUT-BASED PRODUCTS AS FIXED BY THE PRICE STABILIZATION COUNCIL.

D. WHEN COCONUT FARMERS SHALL HAVE OWNED OR CONTROLLED OIL MILLS AND/OR REFINERIES WHICH MANUFACTURE COCONUT-BASED CONSUMER PRODUCTS, ONLY SUCH MILLS AND/OR REFINERIES SHALL LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MANILA 14684 221106Z

BE ENTITLED TO THE SUBSIDY AUTHORIZED.

E. THE CREATION OF A COCONUT INDUSTRY DEVELOPMENT FUND (CDIF), TO BE FUNDED INITIALLY, PESOS 100 MILLION FROM THE CCSF AND THEREAFTER ON THE BASIS OF 20 CENTAVOS PER KILO OF DRY COPRA OR EQUIVALENT FROM CURRENT COLLECTIONS OF THE CCSF.

4. COMMENT: THIS PD GIVES THE PCA NEARLY COMPLETE CONTROL OF THE COCONUT INDUSTRY, STOPPING SHORT OF TAKING OVER DOMESTIC MARKETING OF COPRA AND EXPORTS. HOWEVER, THERE IS ENOUGH LEEWAY IN THE DECREE TO PERMIT EVEN THIS IF THE GOP SO DESIRES. ON TWO OCCASIONS, DURING THE PAST FOUR YEARS, RUMORS HAVE SURFACED ABOUT A TAKEOVER OF THE INTERNAL MARKETING OF COPRA BECAUSE QUOTE UNSCRUPULOUS CHINESE TRADERS END QUOTE WERE NOT PAYING FARMERS THE MARKET PRICE FOR THEIR COPRA.

5. OUT OF THE 60-PESO LEVY, 8 PESOS ARE NOW EARMARKED FOR INVESTMENT AND 15 PESOS FOR "FARMERS' REFUNDS". THIS, PLUS WHAT IS THOUGHT TO BE SUBSTANTIAL ACCUMULATIONS TO DATE, SHOULD PROVIDE AMPLE RESOURCES FOR THE PCA TO BUY INTO THE

INDUSTRY. IF AND WHEN THIS SHOULD OCCUR, OIL MILLS AND REFINERIES NOT OWNED BY THE FARMERS WOULD BE AT A DISADVANTAGE AS THEY COULD NO LONGER BENEFIT FROM THE SUBSIDY PROGRAM AND WOULD NOT BE COMPETITIVE. THUS, THEIR OUTPUT WOULD EITHER HAVE TO BE EXPORTED OR USED IN PRODUCTS NOT UNDER PRICE CONTROL. MURPHY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: OILS, AGRICULTURAL WORKERS, COCONUTS, REFINERIES
Control Number: n/a
Copy: SINGLE
Draft Date: 22 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANILA14684
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780343-0012
Format: TEL
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780838/aaaabfih.tel
Line Count: 122
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7b79635f-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 MANILA 10610
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1662479
Secure: OPEN
Status: NATIVE
Subject: FARMERS EVENTUALLY TO OWN COCONUT OIL REFINERIES
TAGS: EPAP, EINV, RP
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/7b79635f-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014